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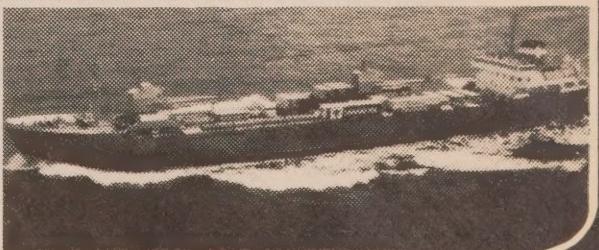
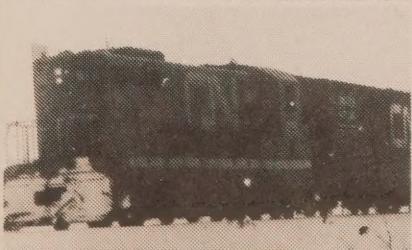
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# Report of the

# Commission of Inquiry into Newfoundland Transportation

Volume 1, July 1978

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## Executive Summary



This Executive Summary contains a review of the most important recommendations contained in volume I of the Report. The Report itself is basically the sum total of the Report but certain findings have been selected for the purposes of brevity.

The majority of the recommendations contained in the Report, dealing with the general information covered, will be found in the

REPORT  
OF  
THE COMMISSION  
OF  
INQUIRY INTO NEWFOUNDLAND TRANSPORTATION

E X E C U T I V E      S U M M A R Y

*John G. Diefenbaker*  
Prime Minister  
Government of Canada



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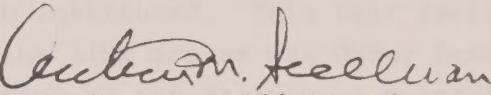
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## PREFACE

This Executive Summary contains a resume of the most important information contained in Volume I of the Report. The format followed is basically the same as that of the Report but certain chapters have been combined for the purposes of brevity.

The Summary is intended to be used in conjunction with the Report. Obviously, more comprehensive and detailed information concerning all matters included in the summary will be found in the appropriate sections of the Report.

Certain sections of the Report are of crucial importance to the central thesis of the Commission. These sections are difficult to summarize and should be read in their entirety. In these cases the specific pages in the Report where the crucial sections are presented are noted in the Summary.



Arthur M. Sullivan, Ph.D.  
Chief Commissioner



## EXECUTIVE SUMMARY

### CHAPTER I: HISTORICAL INTRODUCTION

#### (1) Background

Newfoundland has a population of some 557,000 most of whom live in small communities scattered along 1,200 miles of coastline. The small and sparse nature of the population has made the provision of an efficient transportation system exceptionally difficult. Labrador, the mainland portion of the Province, presents particular and additional difficulties because of climate, ice and isolation.

Until the late 1800s the Newfoundland's livelihood was almost completely dependent upon the sea. Thus, it was from the sea that the early transportation routes evolved. The terrain was difficult, replete with hills, rock masses and marshes so that it was far easier to travel by sea than over the rough landscape.

In the late 1800s the Newfoundland Railway was built and it followed a circuitous route from St. John's, through central Newfoundland to Corner Brook and thence to Port aux Basques. A service across the Gulf to North Sydney from Port aux Basques was also instituted. This Gulf ferry system has also later provided the link across the Cabot Strait for road transport. In addition to the railway, a coastal steamship service (under the railway control) was operated around the coast of the Island and Labrador, so that residents might receive supplies and travel to nearby communities.

The road system was not started until 1925 and then only in a very spasmodic way. Local roads were built in and around communities, but it was not until 1965 that the Trans-Canada Highway was completed. The TCH, too, closely followed the circuituous route of the railway to connect the greatest number of communities.

Meanwhile, Newfoundland has had its place in aeronautical pioneering. Numerous successful and unsuccessful attempts at trans Atlantic flights originated in Newfoundland during the 20s and 30s. During World War II, Gander Airport and Goose Air Base played vital roles. The feeling of isolation from the rest of Canada both on the Island and in Labrador has been to some extent alleviated by the provision of national, regional, local and chartered air services.

In 1964 the Government of Newfoundland established a Royal Commission under the chairmanship of P. J. Lewis. The Commission was to examine, evaluate and make recommendations concerning all aspects of transportation in Newfoundland - much the same mandate of the present Commission - except that financial considerations were deliberately excluded from the terms of reference of the Lewis Commission. In 1966, the Lewis Commission presented its report. The present Commission notes that in the decade following many of the recommendations had been implemented and that many improvements had been made in the transportation system. However, an unexpected and unrecommended change occurred in 1969 when the railway passenger service was discontinued and replaced by the CN Roadcruiser service. On a more positive note the railbed had been upgraded, although the amount of freight carried had decreased as had the number of railway employees. The Gulf interface had been streamlined with the introduction of truck-to-truck transfer and modern faster ferries. Considerable expansion and improvement had also

taken place in the road system, although little had been done to improve the TCH or to provide for the tremendous increase in traffic. The trucking mode which had carried approximately 2% of the interprovincial freight in 1966 was carrying approximately 27% by 1976. Access roads to the TCH were built as were a number of other paved and gravel roads. On the Island, these roads had the effect of diminishing the need for the coastal service but did not eliminate its necessity. Faster passenger motor launches were introduced on the south coast. In Labrador, however, since the decade had seen few changes in the road system, the coastal service was still essential.

Direct water services also improved, particularly with the introduction of palletized and containerized freight. The air services, more than any other mode, kept pace with the increase in traffic with the introduction of larger and more sophisticated equipment.

Within the same decade a plethora of studies on transportation in Newfoundland was carried out but very few of the recommendations contained therein were implemented. The Commission notes that development has been carried out on an *ad hoc* basis and that no overall master plan has yet emerged.

## (2) The Special Case for Newfoundland

The special case for Newfoundland is of crucial importance. The brief summary below cannot do justice to this very important section of the Report. Therefore, it is recommended that pages 26 to 28 of the Report be read in their entirety.

As a matter of national policy, Canada has, in the past, used transportation policy to further economic development. The MacPherson Commission (1961) advocated that, because of the lower level of the economy as compared with the rest of

Canada, Newfoundland should be treated as a special case. Direct water shipment to the major ports should be encouraged and roads should be provided for Newfoundland for the same purpose that the railway and canals have been provided for other parts of Canada. Once the necessary facilities were in place, economic development would follow and eventually, Newfoundland should become self-supporting as far as transportation is concerned. Until such time it was recognized that the Federal Government, in consultation with the Provincial Government must provide funds necessary for the infrastructure.

## CHAPTER II: THE CONSTITUTIONAL QUESTION

It is recognized that the Provincial Government has authority over transportation which is confined to the Province and that the Federal Government presides over transportation matters which are interprovincial. Although it is true that some problems occasionally arise, for the most part, both governments have worked out practical arrangements so that the total transportation system can operate without being constrained by constitutional limitations.

Jurisdiction does not commit any government to provision of services under that jurisdiction but merely outlines control. However, it has generally been accepted that each government concerned has a public duty and responsibility to provide, or to ensure the provision of, some service within the area under its jurisdiction. Therefore, the Federal Government, through such mechanisms as the establishment of Crown corporations and the provision of subsidies and facilities, has been actively involved in the provision of transportation services between provinces. Similarly, the provinces have provided roads, wharves, etc., to provide services within the Province. Furthermore, in some instances, private enterprise has provided services which are controlled by the government concerned.

However, Newfoundland is entitled to certain additional services as described in the Terms of Union to which both sovereign nations (i.e., Newfoundland and Canada) agreed in 1949. Under these Terms, the Federal Government agreed to take over the Newfoundland Railway, including steamship and other marine services and to maintain these services "in accordance with traffic offering" and also to relieve the Province of the "public costs incurred".

By this, the Federal Government became owner not only of the railway but also of the coastal shipping service which, prior to 1949, had been part of the railway operations in Newfoundland.

Coincident with the Terms of Union, the Newfoundland delegation received a letter from the Prime Minister of Canada (Louis St. Laurent) which outlined some details of the Terms of Union and further described additional conditions. Although the letter is not part of the Terms of Union, the Commission takes the position that this letter is binding and was intended to be read together with the Terms of Union because the letter was instrumental in the signing of the agreement between Newfoundland and Canada. Since, in the opinion of the Commission, the letter is binding, the coastal service and the railway are placed on the same constitutional basis as the Gulf Service.

The Commission views public costs as any deficits which might be incurred by the operating of these services once a reasonable rate has been charged the user. The Terms of Union also stated that through traffic moving between North Sydney and Port aux Basques would be treated as all-rail traffic, i.e., the rates charged would be the same as if the traffic were moving the same distance by rail. It was further agreed that the Island of Newfoundland would be part of the select territory for special rates included in the Maritime Freight Rates Act of 1927.

The Commission interprets "traffic offering" to be that as long as there is reasonable traffic offering, the service should be provided. In fact, the Federal Government has recognized this interpretation in that, once roads were provided to many communities, the traffic offering on the

full coastal service was greatly reduced. The Federal Government then subsidized intra-island ferries to communities which would have been isolated by the cessation of the coastal service in the area.

Of course, the Federal Government should make no move to artificially reduce traffic, e.g., by raising rates to unacceptable levels or by mass subsidization of other modes. The Commission believes that there is an obligation to maintain the railway in accordance with the traffic offering, and conversely, that the railway could not be constitutionally abandoned without prior agreement between governments and the necessary constitutional changes.

It should be noted that even a strict interpretation of the constitutional obligation to provide ferry service between North Sydney and Port aux Basques does not preclude assistance to other modes such as direct water and points of entry such as Argentia.

The Commission recognizes that there are interpretations other than those made by the Commission. Should any areas of disagreement between the Federal and Provincial Governments arise from recommendations made by the Commission, reference should be made to the Supreme Court of Canada. If constitutional change is then unavoidable, both governments should co-operate in bringing about such change in order to allow implementation of the optimum transportation system.



CHAPTER III:	<u>THE NEWFOUNDLAND TRANSPORTATION SYSTEM</u>
CHAPTER IV:	<u>UTILIZATION OF PRESENT TRANSPORT SERVICES</u>
CHAPTER V:	<u>AN EVALUATION OF THE NEWFOUNDLAND TRANSPORTATION SYSTEM</u>

These chapters are summarized together in the interest of brevity.

#### 1. The Railway

The railway in Newfoundland is narrow gauge (3 ft. 6 ins.). This, contrary to popular belief, is not solely or primarily responsible for the poor performance both from an economic and service standpoint. The railbed has excessive curvatures as well as steep grades and the load limit is 140,000 lbs., while generally, mainland railways can carry 220,000 lbs. The size of the market in Newfoundland normally does not require heavier loads, but certain bulk commodities, e.g., cement, steel, pulpwood and petroleum could avail of heavier load limits.

These design characteristics restrict the train size and also, to a large degree, the use of piggy back cars. Speeds must necessarily be reduced due to grades and curves. Overturning sometimes occurs when high winds develop.

The characteristic which is the most detrimental to efficient operation of the railway is the interface at Port aux Basques. The introduction of the truck-to-truck transfer has alleviated the problem but Canadian Pacific and

the United States railway companies will not permit truck-to-truck transfer. (Truck-to-truck is a procedure wherein the standard gauge trucks, i.e., wheels, are replaced by narrow gauge trucks so that the railcar may proceed to its destination on the narrow gauge rails. When the car returns to Port aux Basques its original trucks are put back on the car.) If truck-to-truck is not permitted, the freight must be loaded from car to car which is both time consuming and prone to loss and damage. Even when truck-to-truck is used it takes 15 minutes to process a car. For a 40 car ferry load this means, even under optimum conditions, a minimum delay of 10 hours. Since a 40 car train load is not economic, further delays are encountered with car to car transfer and waiting for a second ferry. Thus, a 1 or 2 day delay is commonly encountered at the Gulf interface.

The Commission conducted a survey of 65 business firms and discovered that within the past 5 years 29 of these firms had switched to another mode from the railway and not one had been attracted to the railway.

In 1976, 870,704 tons of freight were carried on the railway. Of this tonnage, 402,926 tons were shipped into the Province, 71,832 tons were shipped from the Province and 395,704 tons were intra-island. In 1974, when the tonnage carried was much higher, the efficiency of the operations was severely curtailed by the problems of interfacing at the Gulf. A backlog of 800 cars at North Sydney was not unusual. In 1977, when the rail traffic was only 60% of the 1974 level, virtually no backlog was experienced. Thus it is demonstrated that greater delays occur as the volume of freight increases and if a great increase in rail freight were experienced in the future greater backlogs would occur.

The Commission has determined that the railway in Newfoundland is an extremely costly operation. CN sources indicate that, in 1976, a loss of \$14.2 million was experienced on the railway in this Province. As CN accounting does not separate the losses for all services, the Commission devised a method to estimate the total losses experienced. In 1976, when all operations are considered, the operating deficit attributed to rail freight was estimated as, 1) \$28 million on the Gulf, 2) \$14 million on the railway in Newfoundland, and 3) \$8 million on capital costs - a total deficit of some \$50 million annually.

It has been determined that the railway would have to experience a 100% increase in the total freight carried to even approach economic viability. Furthermore, rates would also have to be increased. It seems doubtful that this is likely to happen. The rail mode is competing with other modes for a transport market which is barely large enough to support one major mode. Furthermore, the railway is competing with carriers which have inherent advantages over the rail mode, e.g., door to door delivery, faster transit times, and lower loss and damage.

There are many other factors contributing to the lower volumes of freight carried by the railway which are discussed in Volume I but those described herein are considered to be the major contributing factors.

Many groups which made representations to the Commission maintained that a standard gauge railway would cure the ills of the present rail system in Newfoundland. The Commission has determined that the tremendous cost (estimated to be \$800 million) would not be justified for the small transport market in Newfoundland as standard gauge would not cure many of the problems inherent in the railway system.

(2) The Highways

a) The TCH

The TCH forms one of the most vital links in Newfoundland's transportation system. At the time of construction, because of financial limitations, the TCH was permitted to be constructed at less than minimum standards in some sections. Thus 5 ft. shoulders, instead of 10 ft., were built as were pavement widths of 20 feet and 22 feet instead of 24 feet. Maximum allowable grades were to be 6% but in cases where costs would be excessive, higher grades were allowed.

The TCH has deteriorated greatly and has many built-in deficiencies. Although there are some sections which are in fairly good condition, there are many which are below an acceptable level for the traffic offering. Some of these deficiencies are (1) there is poor passing sight distance; (2) truck climbing lanes are too short and lacking completely in some areas; (3) there are excessive curvatures; (4) 84 miles have shoulders of from 3 feet to 6 feet; (5) there are 4 curves requiring speed restrictions; (6) many intersections are of substandard design; (7) the roadbed is poor in many areas; (8) the road surface is poor in the areas from Port Blandford to Notre Dame Junction and George's Lake to Crabbe's River; (9) guard rail is lacking in some necessary areas; (10) signing and pavement markings are inadequate; and (11) sections from St. John's to Argentia, Bishops Falls to Grand Falls and Deer Lake to Corner Brook are carrying traffic in excess of the acceptable standard for the existing road.

In short, the TCH in Newfoundland is grossly inadequate for the traffic offering and it compares very unfavourably with the TCH in Nova Scotia and New Brunswick.

b) The Secondary Road System

The secondary roads in the Province have been in a state of evolution, with many of the collector roads only recently being upgraded to an acceptable standard. However, there are some older roads which are now overtaxed due to the increase in traffic and lack of necessary improvements. They have narrow pavement, lower horizontal and vertical alignment standards, narrow shoulders and more accesses onto them. The inadequate sections are:

- i) Route 10 - Kilbride to Goulds
- ii) Route 20 - St. John's to Torbay
- iii) Route 40 - St. John's to Portugal Cove
- iv) Route 60 - St. John's to Foxtrap
- v) Route 70 - TCH to Carbonear
- vi) Route 340 - TCH to Lewisporte
- vii) Route 450 - TCH to Port au Port
- viii) Route 230 - Clarenville to Lethbridge
- ix) Route 360 - Junction Route 361 to Harbour Breton
- x) Route 31 - Witless Bay Line
- xi) Route 432 - Junction Route 430 to Main Brook
- xii) Route 433 - Junction Route 432 to Englee
- xiii) Route 520 - Quebec border to Red Bay

With these exceptions, the rest of the road system on the Island should be adequate for the foreseeable future, providing it is part of a continuing road upgrading programme. Seal coating and surface treatment, for some paved and gravel roads respectively, should be considered in the future.

New gravel roads under construction are the Burgeo Road and the Monkstown Road, which will link isolated communities to the Island's highway system.

c) Labrador roads

The Commission deplores the lack of development of the Labrador highway system. There is no interconnection between Labrador City/Wabush and Goose Bay, nor between Goose Bay and the south coast. Nor is there any connection to other mainland highway systems. In the few roads that do exist there are sections which are substandard. Roads in need of upgrading are:

- i) The 45 mile gravel road from Red Bay to the Quebec border
- ii) The 160 mile tote road from Goose Bay to Churchill Falls
- iii) The paved highway from Wabush through Labrador City to the Quebec border.

In addition, there is no doubt of the need for a trans Labrador highway.

(3) The Trucking Industry

The trucking industry has displayed phenomenal growth in recent years. This growth has been far in excess of the annual growth of total freight moving into and out of Newfoundland. In 1976, 7.8 million tons were moved by truck within Newfoundland, whereas less than 2 million tons were moved within the Province by truck in 1963. This growth can be attributed to the completion of the TCH, the increased capacity on the Gulf crossing, the eligibility for subsidy as provided by the Atlantic Region Freight Assistance Act (ARFAA), and also to the general characteristics of the trucking mode. In a survey conducted by the Commission, users indicated that efficiency, door-to-door delivery, good transit times and reduced loss and damage were the most attractive traits. Perhaps more than any other industry, the fishing industry finds that this mode fulfills its needs. Fish is delivered by truck to processing plants and thence to mainland and U.S. markets. The truckers welcome this

trade because it is carried by trucks which would ordinarily be empty on back-haul. Furthermore, the rates offered to the fishing industry are very attractive.

While many users are pleased with the trucking service, there are problems within the trucking industry in Newfoundland. Full load deliveries receive good service but less than truck load deliveries often are not efficient. The lack of central warehousing facilities makes interlining between carriers very difficult. Since many of the collector roads are substandard and the density of freight offering is low, many truckers are reluctant to provide service. Newfoundland load limits are less than those of other provinces which fact precludes truckers from utilizing the maximum capacity of their vehicles. It might be said that the trucking mode provides a good service to the larger communities but the service to the smaller communities is, at best, erratic. The industry is very loosely organized, which prevents its rationalization.

#### (4) The Trans-Island Bus Service

The CN Roadcruiser service replaced the Island rail passenger service in 1969 and operates on the TCH corridor. The deficit in 1976 amounted to \$1,479,900. (excluding pass passengers).\* The Prevost bus, which is used for the service, is inadequate for long distance trips. The scheduling is organized around the arrival and departure times of the Gulf ferries and there is little or no co-ordination with feeder buslines or other transportation modes. It is impossible to obtain a complete list of schedules of road passenger services at any point in Newfoundland.

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\* In 1976 the CN Roadcruiser carried 193,183 passengers (also excluding pass passengers).

Maintenance costs are high due mainly to two factors, (1) the deteriorated condition of some sections of the TCH and (2) the age of the buses.

Depots are usually former CN rail stations, often dingy, sometimes dirty - others are merely motels along the route and still others are flag stops. Much could be done to improve the facilities.

Off-corridor bus service is provided by 12 private bus companies, and private taxi operators service the smaller communities. These companies are licensed by the Public Utilities Board (PUB), and there is great variation in the standards of service. This is in part due to the fact that PUB is concerned mainly with frequency of service and fares rather than standard of service.

#### (5) The Gulf Ferry Operation

There are three different types of traffic which travel across the Gulf between Port aux Basques and North Sydney. These are: (1) passengers and passenger cars; (2) trucks; and (3) rail-cars. For most of the year the space available is adequate for the traffic offering on both the Port aux Basques and Argentia ferry service. However, during the peak season (July and August) some delays are experienced, particularly by the tractor trailer operators, yet, the two rail car ferries have a combined capacity which is more than is required for the traffic offering. The removal of the *SIR ROBERT BOND* to the Labrador Service should take care of this excess capacity if rail freight remains at 1976 levels. While there appears to be adequate space available for vehicles, there are insufficient numbers of berths for night crossings. As the journey takes from 6-7 hours, a berth is an amenity considered to be almost a necessity for night

crossings. Truck drivers, in particular, wish to sleep so that they may be prepared for the next day's driving.

The docking facilities at terminals have not been adequate for the vessels but upgrading which is already underway should alleviate this problem. However, the passenger facilities, particularly at Port aux Basques, are in a deplorable state. This is of particular concern to Newfoundland as this port is the tourist gateway to Newfoundland. It is obvious that the Gulf ferry service, both vessels and port facilities need careful and continuing supervision to ensure that passengers and freight are handled efficiently and properly.

The operation of the Gulf ferries is a very expensive one and the subsidy required appeared to be approaching gargantuan levels but, in fact during the last two years has levelled off in terms of actual dollars.

#### (6) Direct Water Shipping Services

There are 4 main private shipping services operating between the mainland and various points in Newfoundland and Labrador. They are: (1) Chimo Shipping Limited; (2) Newfoundland Steamships Limited; (3) Newfoundland Container Lines Limited; and (4) Federal Off-Shore Services Limited. The continued growth in the volume of freight transported by these direct water carriers indicates that the service has gained a high degree of public acceptance. The service has a reputation of reliability and consistency. At the present time, Newfoundland Steamships Limited is the only carrier which receives a direct subsidy.

The Commission believes that much of the natural growth in freight volumes into this Province during the next 10 to 15 years will gravitate toward direct water transport because

of the efficiencies of that mode. In addition, the Commission has recommended that should the railway be abandoned, efforts should be made to direct as much traffic as possible from the railway system to direct water transport.

It is likely that the ports of Corner Brook and St. John's will continue to be the major ports of entry for incoming freight since they are the ports closest to the major centres of population and distribution. The existing port facilities will have to be enlarged if additional freight is to be handled. Additional berths will be required by 1980. The installation of a synchrolift is recommended for the port of St. John's.

If the railway is abandoned, central Newfoundland may require a new mode of transport and the Commission will study the use of the Bay d'Espoir area as a direct terminus to service the central area, via the highway from St. Alban's to Grand Falls. This will be reported on in Volume II. The port of Port aux Basques will continue to be the major entry point for water borne passenger and truck traffic and, of course, rail traffic until such time as the railway might be discontinued.

#### (7) Ports

In a province where direct water transportation plays such a vital role, it is essential to have adequate port facilities to service this traffic. There are some ports, used mainly by the vessels plying the coastal service, where the facilities are deficient and indeed, in some cases, practically non-existent. The Commission recommends that these conditions be corrected.

However, there are a number of main ports, some of which have adequate facilities and others which are in need of upgrading immediately or within the foreseeable future. They are located at 1) St. John's, 2) Lewisporte, 3) Argentia,

4) Marysville, 5) Port aux Basques, 6) Stephenville, 7) Corner Brook, 8) St. Barbe, 9) Botwood, 10) St. Anthony, and 11) Goose Bay. Ports are described in detail on pages to .

(8) The Coastal Service

The coastal boat operation is one of the oldest forms of transport in the Province, operated first by the Newfoundland Government, then by CN and now by the CN Marine Corporation. The operation was designed to provide for the transport needs of the otherwise isolated coastal communities. Over the years, the coastal service was discontinued to some communities which became accessible by road.

Two types of vessels are operated on the service, (1) fast motor launches, and (2) conventional passenger-freighters. The launches provide a fast daily service along the south coast in addition to the conventional service. The other routes are served by the conventional vessels which are much slower with frequent delays caused by the loading and unloading of freight. The vessels are unable to use containers and consequently much loss and damage to freight are experienced. Furthermore, docking and storage facilities are inadequate and in some cases non-existent. Passenger facilities are woefully lacking.

Residents complain that reservations are very difficult to obtain because tourists have booked available berths well in advance, perhaps due to the very low rates. In fact, the rates for both passengers and freight on the coastal service have changed very little during the last 40 years.

The freight service is far from adequate and shippers often are unable to determine the arrival time of their consignments. In addition, the service is very costly to operate (the CN vessels are more expensive to operate than the chartered vessels). In addition, the low freight rates have undoubtedly contributed to the lack of a viable trucking industry to communities which are now connected by road.

The coastal service has an increasing annual deficit. In 1959-60 the subsidy required was \$3.7 million and it has grown to \$23.9 million in 1976-77.

The Commission recognizes that changes in the coastal service will cause disruption both to those served by the operation and those employed therein and that every effort should be made to minimize the difficulties thus encountered.

(9) Intra-Island Ferry Service

This service consists of a number of ships which connect smaller islands with the Island. They are 1) Bell Island - Portugal Cove, 2) St. Brendan's - Burnside, 3) Greenspond - Badger's Quay, 4) Fogo Island - Carmanville, 5) Change Island - Cobb's Arm, 6) Little Bay Island - St. Patrick's, 7) Blanc Sablon - St. Barbe, 8) Woody Point - Norris Point, and 9) Burgeo - Ramea - Grey River.

This service is designed to alleviate the isolation and also to provide transportation for communities, which were formerly ports of call of the coastal service. These communities can now avail of road connections once on the main Island. This service is heavily subsidized, particularly by the Federal Government.

(10) Air Services

Newfoundland is served by 4 levels of air carriers, (1) Air Canada, servicing the long haul routes between major Newfoundland and mainland cities; (2) Eastern Provincial Airways, a regional service operating on both an intra and inter-provincial basis; (3) several small airlines, providing inter-community service on the Island and in Labrador; and (4) a variety of charter services.

The Commission notes that few complaints were made during the public hearings regarding the operations of the

national and regional air carriers. There were complaints regarding the scheduling and fares, but upon investigation, the Commission is satisfied that present scheduling is justified for the traffic offering and that rates in Newfoundland are comparable to those charged for similar distances throughout the country.

The Commission has indicated in various sections of *Volume I* that the fishery constitutes one of the brightest hopes for the economic prosperity of the Province. It is important to note that no regular air transport of fresh fish products exists at the present time. It is true that Air Canada recently offered a service, but through lack of regular deliveries to the airport this service had to be terminated. The Commission urges that the Provincial and Federal Governments, together with the carriers and fish processors, explore ways of implementing a regular flow of fish products so that a regularly scheduled westbound run might be feasible. Also, although the European transport trade was outside the terms of reference of the Commission, it has now been decided that a fast run for fish products to European markets should be investigated. This matter will be reported on in *Volume II*.

There were numerous complaints about the third level air carrier. Labrador is dependent upon this service during the winter freeze-up and also when foggy conditions or emergencies arise at other times of the year. The Commission has studied the Labrador Area Master Plan for air strips and urges that this plan be implemented with great dispatch. The Commission further notes that complaints have been received from Labrador residents regarding safety at Wabush airport. Furthermore, the Commission particularly notes that Fogo Island is in need of a proper landing strip and facilities to allow safe year-round operations to and from that area.



## CHAPTER VI: FUTURE TRANSPORT NEEDS

The future transport needs are categorized into 3 components: 1) the needs of the industries; 2) the needs of transport for consumer goods; and 3) the needs of transport for passengers.

(1) There are 9 industries which are considered by the Commission to be dependent upon efficient transportation facilities and these are briefly described herein. The poor condition of the TCH is, of course, detrimental to all industries which depend upon it for transportation.

### a) The fishing industry

This is the largest single industry in the Province and constitutes Newfoundland's brightest prospect for the future. The 200 mile economic zone and proper resource management should ensure increased economic activity. The product must be moved to processing plants, distributed to other plants when supply exceeds plant capacity and finally brought to market. Reefer trucks seem to be handling the traffic fairly well, but the roads and ferries must be able to handle the traffic offering in the future. The fishing industry is particularly sensitive to changes in transport costs and every effort must be made to provide efficient transport facilities at a reasonable cost. Furthermore, the Commission urges that investigation into the feasibility of transport of fish products to European markets be initiated. Fish meal transport also needs efficient facilities.

### b) The mining industry

For the immediate future the transport facilities are adequate with the exception of the poor condition of the Buchans to Botwood road. The mining industry is not expected to change

appreciably within the short term but prospects within the long term, particularly for the uranium potential at Makkovik, Labrador, look bright. Land transport in the form of an all-weather road, or railway, together with port development, will be required.

c) The forest industry

As the pulp and paper industry product is a relatively low value commodity, and the newsprint market is highly competitive, the industry, not unlike the fishing industry is highly sensitive to transport costs. Recent years have seen a change from railway to truck transport, although the railway is still sometimes used for the longer hauls. It may be that the railway could recapture more of the traffic were the rail rates lower but good access roads will be necessary, particularly for the Province's smaller sawmills.

d) The electric power industry

Power itself is transported through its own facilities, and the main transport need is access for raw materials during the period of construction. The Commission is not aware of potential sites for the Island but since the facilities required will likely be harbour facilities with a road connection to the site, the transport needs are not great. However, the development of the lower Churchill in Labrador will require a highway to Gull Island, with access to the rail head at Esker. Again, the case for the Labrador highway is enhanced.

e) The construction industry

In terms of census value added, the construction industry is the Province's most important industry and in terms of employment it is second only to fishing. Roads and direct water transport are expected to be adequate to handle normal growth in the future.

f) Non-resource based manufacturing industry

This industry is the lowest ranked in the Province as far as census value is concerned. The existing facilities are expected to be adequate for sometime to come. Lower rates and/or subsidy on certain commodities (incoming used in manufacturing and outgoing manufactured products) might encourage growth within this sector of the economy.

g) The agricultural industry

At best, this industry is marginal. There is need of LCL service as most farms are small operations and a pool car service might be practical. There is also the question that certain subsidies for Maritime products are harmful to the Newfoundland farming sector. This is under review and will be presented in Volume II of the report.

h) The tourist industry

Tourism is not as major an industry in Newfoundland as in the other Maritime provinces but it is expected to experience moderate growth in the future. A good all-weather road system is considered to be of great importance as are improved facilities both on the Gulf and Argentia ferry systems and a more rapid turn around on the Gulf service.

i) Gas and oil exploration

Due to jurisdictional problems, this has been retarded during the last two years, but there is some hope for the long term although the feasibility has yet to be thoroughly determined. Transport needs, should the resource come on-stream, would be massive.

(2) Growth in consumer goods freight coming into Newfoundland has been uneven. It is important that both the direct water and trucking modes should have sufficient capacity to meet future demands. Increased port facilities will be needed to accommodate increased volumes of freight of non-Maritime origin

and Gulf ferries with additional truck carrying capacity will be required for increased volumes of Maritime origin. A greatly improved TCH, coupled with an upgraded secondary road system will be required.

(3) Growth in passenger traffic is not expected to show any marked increases in the short term. Faster turn around time on the Gulf ferries might be expected to handle peak periods. A safe, efficient and comfortable surface passenger system is essential. The vast majority of passenger trips (over 90%) in Newfoundland is on the highway system.

This chapter outlines 3 conditions whereby growth in freight and passenger numbers is predicted.

Demands on the Island railway network are not projected to change greatly. The Gulf ferry system must reduce waiting time for all, especially perishable products. Furthermore, the ferries must comfortably accommodate passenger traffic at reasonable rates.

CHAPTER VII: TOWARDS A TRANSPORTATION  
POLICY FOR NEWFOUNDLAND

The Commission indicates the direction which transportation policy should take in the future, taking into consideration that which is already in place in the existing system.

The Commission refers to An Atlantic Provinces Transportation Policy - Principles and Recommendations (see Volume 1, pages 176). The principles stated are basically accepted by the Commission and are of great importance.

The report goes on to state the objectives of transportation policy in Newfoundland. These are:

- 1) To eliminate, insofar as possible, the defects and weaknesses of the present system.
- 2) To provide at least one reliable and reasonably priced method of passenger and freight service for each community in Newfoundland.
- 3) To encourage by all practical means competition between and among modes and carriers.
- 4) To provide the best possible service at the lowest possible cost.
- 5) To provide for maximum co-operation and co-ordination between complementary services.
- 6) To provide maximum flexibility to adapt to change.
- 7) To maximize the effectiveness of subsidies.
- 8) To maximize opportunities for the economic development of the Province and to provide adequately for Newfoundland's probable future transportation needs.

The Commission identifies 4 additional factors as having importance. These are: 1) the cost of fuel; 2) user satisfaction; 3) employment; and 4) speed, safety and reliability.

Although Newfoundland's future needs in the field of transportation are reasonably clear, there are certain constraints imposed by the existing system that make the provision for these needs more difficult. These constraints are:

- 1) Existing facilities and transportation network.
- 2) Existing patterns of employment.
- 3) Existing subsidies.
- 4) The Constitutional obligation.
- 5) Size of market in Newfoundland.
- 6) Public desires and expectations.
- 7) Federal and Provincial responsibilities.
- 8) Financial realities.

The principles which should guide change are:

- 1) The Provincial Government and all interested groups in the Province should have the opportunity to offer advice concerning all changes that are contemplated.
- 2) Short-term changes should not be incompatible with long-range goals.
- 3) Existing facilities should be used whenever possible to maximum effectiveness.
- 4) Adequate notice must be given to all those who will be affected concerning any major changes which will be carried out.
- 5) Changes should be introduced in such a manner as to minimize social and economic disruption and adequate provision should be made for those workers whose jobs would be threatened or eliminated by proposed changes.

The chapter concludes with an overview of the future transportation network in Newfoundland. Increases in the amount of traffic are predicted for every mode, with the exception of the railway. The 3 basic directions in which the Commission envisages that transportation in Newfoundland will move are: 1) an increase in direct water movement, 2) more and more varied connections between Newfoundland and the mainland, and 3) increased dependence on the highway system for surface transport.



## CHAPTER VIII: THE FUTURE OF THE RAILWAY IN NEWFOUNDLAND

The ensuing summary presents a bare outline of the Commission's rationale for the conclusions reached regarding the railway. As the arguments presented are of the utmost importance,

the Commission recommends that Chapter VIII should be read in its entirety.

The future of the railway in Newfoundland constitutes the most difficult problem faced by the Commission. The railway has been part of the transportation system since the 1890s and as such has a long tradition in Newfoundland.

Two extreme positions were apparent during the public hearings:

- 1) That the entire railway should be retained, totally upgraded and even that standard gauge should be installed.
- 2) That the railway should be abandoned as soon as possible and money saved should be used to upgrade highways and other transportation facilities in the Province.

It also became evident that there were 2 main points concerning the railway operation about which there was little disagreement. These are:

- 1) That the amount of traffic had decreased drastically in recent years and is likely to decline further in the future. However, there were differences of opinion as to why traffic had declined.
- 2) That the Newfoundland railway is not commercially viable. The CN railway operation in Newfoundland lost \$14 million in 1976 and comparable amounts in

the previous 5 years. In addition, investigation shows that the Gulf marine interface at Port aux Basques lost approximately \$28 million in 1976. These loss figures, coupled with the \$8 million in capital cost bring the loss on the total railway operation to \$50 million in 1976. It is doubtful that the operation could ever become commercially viable and indeed, in its entire history, the railway showed a profit only for a few years during World War II. Also, the Commission's research shows that, even if the railway traffic were doubled, the deficit would exceed \$2 million.

However, factors, other than commercial viability were presented at the hearings. The following, in the opinion of the majority of the Commissioners were considered to be of questionable validity:

- 1) Newfoundland is entitled to a railway because other provinces enjoy this privilege.
- 2) The railway has not been given an opportunity to demonstrate its effectiveness.
- 3) The railway provides an essential service with daily deliveries by a common carrier.
- 4) The railway provides the only dependable service to Newfoundland.
- 5) The railway sets a rate standard which controls the rates charged by other modes.
- 6) Without the railway, the increase in highways and traffic would cause environmental damage because highways are less efficient users of space.

However, the Commission judged the following arguments to have greater validity:

- 1) The continuation of the railway was guaranteed by the Terms of Union in 1949 and commercial viability is thus irrelevant when considering abandonment.
- 2) The decision to abandon the railway is irreversible because rolling stock will be sold and the railbed will deteriorate.
- 3) The railway is an efficient user of fuel.
- 4) There are rail customers who have geared their business to the use of the railway and have undergone considerable expense to do so.
- 5) The railway operation employs some 2,000 workers who would find it very difficult to obtain alternate employment.

The Commission maintains that these 5 points are of major importance and were given careful consideration. There is no doubt that those towns which are dependent upon the railway will be seriously affected by the elimination of the railway.

Changes in the railway which might allow it to continue were considered and are as follows:

- 1) The railway could be changed to standard gauge at a cost of \$750 - \$800 million.
- 2) The existing roadbed could be upgraded at a cost of \$50 million.
- 3) The railway rates could be considerably reduced at a total cost of several \$ millions.
- 4) The CN management and employees could make the service more attractive to railway customers.

Options 1 and 2 would reduce the time to cross the Island by 12 and 5 hours respectively but would still not put the railway in a competitive position with other modes as far as time is concerned.

Option 3 would certainly attract more traffic to the railway but would give inequitable competition with other modes. Distortion of the traffic patterns would take place which is clearly contrary to national transportation policy.

Option 4 might well attract more traffic and if commodities were attracted, particularly for back-haul, CN's financial position might improve. However, at the present time, this does not appear to be likely.

While considering all of the above arguments, the Commission returned to the basic question. Should the railway continue for an indefinite period? Can the \$50 million deficit be justified? Could not that money be more effectively spent on alternate transportation facilities or on further economic development? If the present decline continues, might not the railway eventually disappear through lack of traffic offering thus relieving the Federal Government of its constitutional obligation?

The Commission maintains that the railway should not be allowed to continue only to die a slow and lingering death because 1) the service would become less efficient as the number of trains decrease which concomitantly would accelerate traffic decline; 2) employees would be unsystematically laid off without provision for their future; 3) the railway customers would be greatly inconvenienced by such decline in service; and 4) the Province's strong bargaining position would be considerably reduced.

After carefully considering all of the arguments and the existing position of the railway, the Commission concluded that the railway should be abandoned after a period of ten years. Since this is such an important decision, affecting such a large number of people, this decision should be reviewed after a period of 5 years from the present. During that time further information will be gathered, any changing position of the railway will be noted and if the decision to abandon is confirmed, planning for the total abandonment at the end of 10 years will take place.

The following steps for the immediate future should be:

- 1) Since the traffic diverted from the rail most appropriately will be carried by the direct water mode, provisions must be made for improvements to the port facilities in both St. John's and Corner Brook so that both former rail freight and annual freight increases may be accommodated.
- 2) The railway should continue for 10 years, the first 5 years on its present basis. If the decision to abandon is confirmed, the second 5 years should see a gradual but systematic phase-out.
- 3) Since the railway in Newfoundland cannot become economically viable, the Federal Government should directly pick up the deficit so that CN may be relieved of its obligation to cross subsidize the operation.
- 4) During the first 5 year period the railway should be maintained at its present level but no major capital expenditures should be undertaken.

- 5) CN Management should make every effort to attract additional traffic - this apparent anomaly is explained on page 193 of Volume I.
- 6) Joint Manpower Adjustment Committees should be set up to look after the interest of employees of the railway and railway freight interface operations in Newfoundland.
- 7) After a period of 5 years the decision to abandon should be reviewed preferably by the suggested Newfoundland Transportation Commission which should consider the questions as outlined on page 193 of Volume I.

Since the decision to abandon the railway seems to be the most likely decision, the Provincial and Federal Governments should negotiate the necessary changes in the Terms of Union.

It is appropriate that the Provincial Government should insist on the provision of an acceptable substitute for the railway. An acceptable substitute might be, as a minimum, the provision of a highway across the entire province with sufficient capacity to handle the predicted increase in traffic. This would involve major upgrading and construction in addition to the upgrading programme (outlined in another section of this report) to bring the existing TCH up to an acceptable standard. During the first 5 year period, the road could be upgraded with plans made for extensive expansion which would be in place at the end of the second 5 year period, when rail abandonment should be complete. In addition, increased port facilities at St. John's and Corner Brook would be necessary to handle both the natural increases in traffic (estimated at 8% per annum) and the traffic diverted from the

railway. These 2 projects would be the responsibility of the Federal Government since these would be provided in clear substitution for the railway.

For the first five year period, while the railway continues to operate there would be no savings; but during the second five year period, and thereafter substantial savings would be realized. These savings should be used for further improvements to the transportation system in Newfoundland.

The Commission further recognizes that the Provincial Government might not agree to the abandonment of the railway. In this case, the full railway service would necessarily continue indefinitely or until such time as there were little or no traffic offering.



CHAPTER IX: THE CONCEPT OF USER PAY FOR NEWFOUNDLAND

Transportation in Canada meets 3 different sets of circumstances: 1) transportation as an essential service, 2) transportation as a tool of economic development, and 3) transportation as a commercial service.

The third circumstance is that to which the concept of user pay, or commercial viability applies.

At the present stage of economic development, and as was also stated by the MacPherson Commission in 1961, Newfoundland cannot be expected to maintain a transportation system which will be commercially viable. In Newfoundland, most of the transportation services are either essential services or are required for essential economic development.

For the present time, and for the foreseeable future, the Commission maintains that for the most part the transportation system in Newfoundland will require substantial subsidization. As economic development increases so should the ability to pay increase.



## CHAPTER X: THE QUESTION OF SUBSIDIES

Subsidies have been an integral part of the transportation system in Canada for many years. There are many different kinds of subsidies, such as direct, indirect, specific, cross-subsidies, promotional, continuing, intended and accidental. At one time or another, every mode of transportation has been subsidized in one way or another. In excess of \$100 million annually has been spent on subsidies within the Newfoundland transportation network.

Examples of subsidization in Newfoundland are: 1) Gulf ferry deficits; 2) coastal service deficits; 3) intra-island ferry subsidies; 4) amount per ton paid to Newfoundland Steamships Limited; 5) ice-breaking facilities and services; 6) navigational aids; 7) airports and navigational systems to facilitate air traffic; and 8) other operations of CN cross-subsidizing the Newfoundland railway. These subsidies appear to be intended and continuing rather than promotional.

The purposes to which subsidies are directed are not always fulfilled. The Maritime Freight Rates Act (MFRA) of 1927 was designed to encourage economic development in the Maritime Provinces by reducing the transportation charges to central Canada. At the time of Confederation the island of Newfoundland was included in the "select territory" as outlined by the MFRA. The Atlantic Region Freight Assistance Act (ARFAA) of 1969 extended the MFRA to the trucking mode. This did enable trucking to compete more effectively with the railway but there is little evidence to suggest that these Acts encouraged economic development in the area - the purpose for which they were designed.

Subsidies engender situations which are beyond the control of business. Subsidies sometimes cause a shipper to choose a less cost efficient mode because the subsidy artificially lowers the cost to the shipper, thus distorting the availability of lower cost transportation. Furthermore full information about subsidies is rarely made public which fact occasions misunderstanding.

The actual as well as the intended effects of each subsidy must be examined carefully and initial and perhaps subsequent modifications may be necessary if the subsidy is to produce its desired and intended effects.

In the Newfoundland situation, if subsidies are to encourage economic development, certain commodity subsidies might be more effective. The Commission will report on the specific commodities in Volume II.

## CHAPTER XI: FEDERAL-PROVINCIAL CO-OPERATION

The Commission recognizes that an effective transportation system for Newfoundland must have integrated co-operation between the Federal and Provincial Governments. This has not always been the case in the past with resultant mutual misunderstanding and mistrust.

The Federal jurisdiction includes responsibility for financing and providing the Gulf and coastal services, all other CN operations in Newfoundland; the subsidization of the intra-island ferry services and of freight rates on direct water, rail and trucking traffic; direct contributions to airport, navigation and ice clearing facilities; and road construction through DREE grants. It is only in the case of DREE that consultation takes place on a regular and productive basis.

With such wide Federal involvement it is difficult for the Provincial authorities to assign priorities until the Federal plans are known. The Provincial Government seems ambivalent in its attitude - on one hand, it complains about lack of prior consultation and, on the other hand, is reluctant to initiate such consultation.

The Federal Government frequently arrives at decisions regarding Newfoundland transportation without receiving adequate provincial advice and without sufficient knowledge of local concerns and wishes.

The Commission suggests the formation of a Newfoundland Transportation Commission (NTC) which would consist of 2 members chosen by the Provincial Government, 2 by the Federal Government, with a chairman acceptable to both. The responsibilities of the NTC would be:

- 1) Making representation to the appropriate agencies concerning standards set and ensuring that these standards are maintained.

- 2) Arranging public hearings for purposes of publicizing any proposed changes and making recommendations to government agencies involved.
- 3) Co-ordinating transportation services within the Province and arranging for the operation of certain special services not at present available.
- 4) Assuming responsibility for continuing research.
- 5) Evaluating existing subsidies and making recommendations regarding allocation.

The essential principle is that the NTC would render opportunity for the Province to have input into the allocation of Federal funds for transportation in Newfoundland.

The Commission is of the opinion that provision must be made for continuing research into transportation in Newfoundland and maintains that the establishment of a Research Centre on Newfoundland Transportation under the control of the NTC would ensure that all research is conducted and used to the greatest advantage.

CHAPTER XII: THE USE OF HOVERCRAFT IN NEWFOUNDLAND

The Commission includes this chapter on Hovercraft as one example of the dramatic change in transportation which may be expected in the foreseeable future.

The Commission investigated the use of Hovercraft as a ferry service across the English Channel, a service which has been in existence for over 10 years. It may be possible to use Hovercraft across the Gulf between Port aux Basques and North Sydney, and/or across the Strait of Belle Isle and along the Labrador Coast.

The Commission admits that the use of Hovercraft seems exciting but recognizes that many unanswered questions and problems remain to be resolved. The suitability of the craft for operation over the waters of the Cabot Strait has not been demonstrated, but the concept of the use of Hovercraft is sufficiently attractive to warrant a full-scale feasibility study.



CHAPTER XIII: TRANSPORTATION IN LABRADOR

The Commission deplores the fact that transportation in Labrador has heretofore been neglected. When the Island portion of the Province is compared to the Labrador portion, it is evident that while much has been done for the former, particularly with regard to road construction, the latter has been virtually ignored.

However, the Commission notes that there have been 2 recent innovations in the Labrador system:

- 1) The introduction of the WILLIAM CARSON to the Labrador service. This met with great public acclaim, but due to the unfortunate sinking of the vessel, this acclaim was necessarily of short duration. As a replacement the SIR ROBERT BOND is adequate for the short term but provision should be made to have a ship especially designed for the service over the long term.
- 2) The replacement of the old ferry which crossed the Strait of Belle Isle between St. Barbe and Blanc Sablon with the new, large, comfortable NORTHERN CRUISER at the beginning of the new season in 1977. This service provided for the transportation of passenger cars, trucks and tractor trailers.

With these two exceptions, notable as they may be, little else has been done to improve the transportation system in Labrador. Although a portion of the road between Goose Bay and North West River has been paved, the road between L'Anse-au-Clair and Red Bay can hardly be described as a road. There is still no road connection between Labrador City - Wabush and the remainder of the Province. Neither the coastal service nor the air service has changed appreciably during the last decade.

The residents of Labrador, not without justification, are generally of the opinion that, while innumerable plans and feasibility studies have been made, implementation has been negligible. The universal demand is for action rather than for further studies, a demand with which the Commission fully concurs. It is therefore important that these recommendations concerning Labrador, which have been fully investigated, be implemented without delay.

CHAPTER XIV: DEALING WITH THE SOCIAL CONSEQUENCES OF CHANGE

The Commission is fully aware that changes in the transportation system in Newfoundland will bring about disruption in the lives of many people. Both decreases and increases in employment have far-reaching effects. On one hand, abandonment of the railway would have profound effects upon so-called one industry towns, particularly Bishops Falls and Port aux Basques because these towns rely almost exclusively on the railway for their livelihood. On the other hand, the phenomenal growth in the trucking industry with the creation of some 1,500 new jobs has had no noticeable impact because these jobs were spread out over a fairly large number of communities.

Preparation must be made for changes in employment patterns, but most especially for those which involve the loss of jobs as the result of the introduction of technological innovation or administrative changes. The Commission is cognizant of the dismal level of unemployment in Newfoundland which is approximately twice the national average. The loss of a job is devastating to the individual involved, both financially and psychologically, and every effort must be made to help affected persons to find alternative employment.

The Federal Government, in recognition of this principle, has enacted regulations under the Appropriations Act Number 1, October 24, 1977, entitled "Regulations with respect to the implementation of adjustment assistance to Railway Companies and employees affected by changes in railway passenger services". This is an attempt to ameliorate the consequences for individuals who will be adversely affected by the amalgamation of CN and CP passenger services under VIA Rail Canada Incorporated.

It is essential, when change is to be considered and implemented, that both unions and management have a good working relationship based on mutual trust and co-operation. The Commission noted during its hearings, comments and exchanges which suggested that an adversary relationship existed between CN and the major railway unions. Such a relationship although not uncommon is certainly not necessary and is undesirable. The report of the Commission cites several examples which illustrate that a meaningful co-operative relationship between unions and management is possible and produces desirable consequences.

The Commission is satisfied that the best approach to deal with the social consequences of change is that of the Joint Manpower Adjustment Committee. Such committees, if set up during a period of relative stability, can do much to alleviate problems, provided that sufficient information can be shared to inspire mutual trust and also to ensure that goals of management and labour can be shared. An excellent example of the effectiveness of the Joint Manpower Adjustment Committee process was demonstrated during the planning and introduction of the truck-to-truck transfer at Port aux Basques.

The Commission advocates the setting up of a Joint Manpower Adjustment Committee within the CN organization in Newfoundland to deal with proposed changes in the railway. This Committee should have equal representation from the CN system and from the unions concerned. The Committee should be funded by the Federal Government, CN and the unions involved on a cost shared basis to be agreed upon by all three (Volume I, page ). The Committee could be divided into sub-committees to deal with specific areas.

The Committee would be concerned with the maintenance of an optimal level of traffic on the railway but a major purpose would be to deal with the anticipated reductions in

employment associated with any modification of the railway system. Obvious considerations would be; 1) retraining of affected individuals, 2) special assistance to those employees willing to relocate, and 3) early retirement for those who could take advantage of such a procedure. The Committee also would investigate the potential for new job creation, including the Port aux Basques area, which might well be realized with the possible introduction of Hovercraft, expansion in the fishing industry and increased necessity for hotel and restaurant accommodation.

CHAPTER XV: GENERAL RECOMMENDATIONS

CHAPTER XVI: MODE AND SERVICE RECOMMENDATIONS

These two chapters contain general and specific recommendations which are listed as an appendix to the Summary.



MINORITY REPORT OF ESAU E. THOMS, COMMISSIONER

There are certain principles put forth in Volume I with which Mr. Thoms does not agree. However, Mr. Thoms recognizes that after further discussion, before the presentation of Volume II, certain areas of disagreement may well be resolved; yet he does not fully discount the fact that he may find it necessary to present a further minority opinion at that time.

Basically, Mr. Thoms disagrees with the premises and conclusions as presented in Chapter VIII, dealing with the future of the railway in Newfoundland, and consequently, is in dissension with the subsequent recommendations based thereon.

Mr. Thoms feels that it is not inevitable that the volume of railway freight will decline drastically within the next decade. In fact, he feels that, under proper incentive from management, rail traffic should grow.

He further elaborates upon the reasons for continuing the railway service:

- 1) The citizens of Newfoundland are entitled to a railway service as long as railway services are generally available in Canada.
- 2) The Federal Government has a constitutional obligation to maintain a railway service in Newfoundland as long as there is traffic offering. Government does not have the right to change a constitutional provision which was one of the special conditions for having Newfoundland become a part of Canada.
- 3) Some 3,000 people will lose their jobs through the abandonment of the railway, a situation which would be intolerable due to the present economic position of Newfoundland.

- 4) The railway mode, with the exception of the direct water mode, is the most fuel efficient. It is most unwise to abandon a fuel efficient mode when the supply of fossil fuels is in a state of flux, most particularly since fuel rationing may be a future possibility. Once abandoned, a railway is very difficult and certainly very expensive to re-activate.

Mr. Thoms maintains that the railway system should be upgraded in order to attract additional freight, and furthermore, that standard gauging of certain sections might warrant consideration.

The establishment of a Joint Consultative Committee should be directed toward co-operation between management and labour, to improve efficiency and to attract traffic to the railway, rather than to alleviate problems associated with abandonment.

Mr. Thoms cites the move of decision-making authority to Moncton and points west as serving to alienate both the employees and the customers of the railway. A local regional manager with the appropriate authority is absolutely essential to the revitalization of the railway as envisaged by Commissioner Thoms.

In the immediate future rail rates should be decreased until the service offered is upgraded to first-class status. Any additional deficits thus incurred should be paid by the Federal Government whose constitutional obligation it is.

Mr. Thoms further deplores the abandonment of the rail passenger service in Newfoundland, but recognizes that the re-instatement of the service would be a very costly venture.

Nevertheless, he feels that a feasibility study of the institution of a commuter passenger service should be undertaken. Such a service might ultimately lead to the institution of a regular passenger service across the Island and to the discontinuing of the highly unsatisfactory CN Roadcruiser service.

Mr. Thoms does not believe that the coastal service north of Corner Brook should be discontinued nor does he agree with the chartering of vessels by CN.

In conclusion, Mr. Thoms states that he is in general agreement with the other opinions and conclusions stated elsewhere in the Report of the Commission.



LIST OF RECOMMENDATIONS CONTAINED IN REPORTGeneral RecommendationsThe Concept of User Pay in Newfoundland

1. That Governments accept as a principle that the concept of user pay is not at present appropriate to many aspects of the Newfoundland transportation system, and that all policies and procedures take this fact into account.
2. That it be recognized as a principle that in those areas where competition can viably exist, the transportation system be developed toward a future situation where the concept of user pay be appropriate and applicable.

The Question of Subsidies

3. That subsidies should be removed in planned stages on certain products and raw materials originating outside Newfoundland, when it can be determined that such products and materials can be economically manufactured or produced in this Province. At the same time, subsidies should be increased on raw materials imported from the Maritime region into Newfoundland, which will be used in Newfoundland for the manufacturing of finished products.
4. That since Labrador has now reached the state where its economic and social activity must be incorporated into the fabric of provincial life, it should be immediately included in the select territory definition for the Maritime Freight Rates Act, the Atlantic Region Freight Assistance Act, and any new legislation providing for special subsidies or assistance for the Atlantic region. Similarly, Labrador should be treated as the other areas within the select territory if and when subsidies are extended to the marine and air modes.

5. That the policy laid out in Section III (II) (J) of the draft Bill C-33, be implemented. That is, where competitive transportation services are in existence or can exist, but where it is also deemed necessary to provide public assistance to support a specific policy of government, then such assistance should be made available in a manner such as not to distort the natural selection by the user of the most appropriate mode of transportation.
6. That when subsidies are being considered for implementation or being re-evaluated in operation, care should be exercised to ensure that transportation services are not used as a tool to assist in economic development, when other means may be more appropriate and effective in reaching this objective. In other words, policy makers must be certain that transportation, and indeed subsidized transportation, is essential for economic development before imposing requirements or making expenditures of public funds to bring about this end.
7. That if government should determine in the future to provide subsidies for surface transportation of passengers, such subsidies should apply on an equal basis to all surface modes and not just to the rail mode.
8. That once subsidies have been determined, every control should be exercised by regulatory and governmental agencies to ensure that the services in question are operated as efficiently and cost effectively as possible and that subsidies do not increase through inattention or lack of incentive. This applies particularly to the relatively large subsidies being expended on the Gulf and Coastal services.

9. That where, following the recommendations of this Commission, or at any other time, it is determined to remove a subsidy, such removal should be undertaken on a planned, well announced, "phase-out" basis so as to cause the least possible disruption to services and businesses which are dependent on the subsidy or the subsidized services.
10. That since Newfoundland receives little, if any, substantial benefit from the westbound subsidy provisions of the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act, immediate consideration be given to extending these subsidies to products shipped from Newfoundland to the export market. Thus, for example, fresh frozen fish products and wood products destined for United States and European markets should be subsidized on the portion of their transport within the select territory.
11. That while there may be some competitive reasons to suggest that financial information concerning subsidies should be kept confidential, the over-riding interest of the public in ensuring that funds are properly allocated, and more importantly, in seeing the exact cost of the various subsidies and alternate modes, dictates that the details of any subsidy provided from government funds should be available publicly on a yearly statistical or other basis.
12. That since the ultimate aim of any transportation system is to develop mode selection and the ability of the consumer to choose the most beneficial mode and service, the imposition of subsidies should be carried out in such a manner as to encourage competition within modes and between modes, and as a

general principle, equal subsidies should apply for equal services both as between modes, and perhaps even more importantly, as between separate carriers within the same mode.

13. That since it is not clear that in the past direct and indirect subsidy programmes of government have achieved all or even a substantial portion of their intended results, existing subsidy levels should not be increased without careful scrutiny of the achievements of the subsidy and the competitive situation within the mode being subsidized. At the same time, the Commission realizes that when a decision is made to provide a certain amount of financial assistance, various carriers within the same mode may have different requirements. Therefore, variation in yearly subsidies should be permitted in certain cases so as to assist initial capital investment or other heavy capital expenditures. This principle of "front end loading", when governed by suitable measures to take into account the extra benefit thus derived by the carrier from interest charge reductions achieved through advancing the subsidy, should allow more flexibility to develop services within the particular modes. This procedure should only be available to those companies which have first demonstrated their likely viability by several years of continued and successful operation.
14. That subsidy programmes should be designed to be promotional rather than continuing, and except where unusual circumstances arise, should be phased out once their promotional aims have been achieved.

Federal Provincial Cooperation

15. That a Federal-Provincial Transportation Commission be established, known as the Newfoundland Transportation Commission, consisting of five individuals - two nominated by each government, and a chairman agreed to between governments.
16. That the responsibilities of the Commission include:
  - a) Representation to appropriate agencies concerning standards to be set for transportation services in Newfoundland, and monitoring such services to ensure that standards are maintained.
  - b) Monitoring regulation for all modes of transportation and recommending thereon.
  - c) Conducting Public Hearings concerning major proposed changes to Newfoundland transportation systems and arranging for consolidation and transmission of recommendations to appropriate decision-making agencies.
  - d) Establishment of a plan for co-ordination of transportation modes and services within Newfoundland, including arrangements for the establishment of services not now available.
  - e) Responsibility for continuing research, data gathering, and introduction of new procedures.
  - f) Analysis of the operations of carriers seeking subsidy assistance and decisions and advice to governments concerning the selection of carriers and levels of subsidies, recommending the total amount of money which is to be spent in Newfoundland through federal subsidies and taking into account the annual rate of inflation. Recommendations would then be made concerning the specific proportions and

amounts which would be allocated to each facility and service. Money saved on one area, e.g., rail, could be re-allocated and used in other areas related to transportation in Newfoundland.

17. That a Centre for Research on Newfoundland Transportation be established under the direction and control of the Newfoundland Transportation Commission.

#### Transportation in Labrador

18. That in addition to those specific recommendations concerning Labrador which appear in Chapter XVI, three feasibility studies be initiated in the immediate future. These are:
  - a) The provision of a year-round deep water port for Labrador, connected by road-link to the proposed Trans Labrador Highway.
  - b) Construction of a Trans Labrador railway, possibly electrically operated, to connect the Labrador port in the east with Quebec and central Canada in the west.
  - c) The construction of a submarine tunnel under the Strait of Belle Isle which would carry vehicular traffic and electricity transmission systems.

#### The Use of Hovercraft in Newfoundland

19. That a feasibility study be immediately undertaken in consultation with existing European Hovercraft operators and manufacturers concerning the possible application of existing Hovercraft technology to the Gulf Ferry Service from Nova Scotia to Newfoundland.
20. That a further feasibility study be undertaken in consultation with Federal marine experts to determine the possibility of the use of Hovercraft to service coastal

communities in Labrador during ice conditions, including use on the Strait of Belle Isle ferry crossing.

Decline with the Social Consequences of Change

21. That a Joint Manpower Adjustment Committee be established within the CN organization in Newfoundland immediately, to include equal representation from the employer, i.e., CN Rail, CN Marine Corporation (Gulf) and CN Marine Corporation (Coastal), and from the unions associated with these operations.
22. That sub-committees of the Joint Manpower Adjustment Committee be established, dealing respectively with rail, the marine rail interface at Port aux Basques, and the interfaces in other ports.
23. That the Committee be funded to an appropriate level with contributions by the Federal Government through Manpower Consultative Services, the employer and the unions involved.
24. That additional funding to an appropriate level be made available by the Federal Government to provide for specific retraining programs, relocation expenses and employment projects sponsored by the Committee.
25. That technological and administrative changes delayed during the life of this Commission be implemented through such a Joint Manpower Adjustment Committee.
26. That following initial employment adjustments, and until final confirmation of the decision to abandon the rail service, levels of employment within the CN operations in Newfoundland should be associated directly with the amount of traffic carried.

27. That the particular objective of the Committee would be the welfare of those individuals who would lose employment because of the changes recommended in this report. The Committee would examine the prospects of alternate employment in the immediate geographic area and in other locations in the Province and on the mainland of Canada. The Committee would then recommend appropriate training programs and relocation assistance.
28. That further Joint Manpower Adjustment Committees be established as required to deal with anticipated increases or decreases in employment in other modes of transportation within Newfoundland and be used to bring the remaining transportation systems in Newfoundland and Labrador to the highest possible standards.

#### Specific Mode and Service Recommendations

##### The Rail System

29. That plans be commenced now to phase out the railway in Newfoundland in approximately ten years. This will involve the following arrangements:
  - a) Specific for the railway
    - (i) An initial period of adjustment in manpower levels following the release of the report of the Commission.
    - (ii) A period of five years during which the rail service will continue at, at least, the present level of service.
    - (iii) During that time the roadbed should be maintained at a level sufficient to meet the traffic offering.
    - (iv) No other major expenditure should be committed to the railway.

- b) The Provincial Government and the Federal Government should begin immediately to negotiate the necessary constitutional changes and the procedures for the phase out which would be satisfactory to both parties.
  - c) During the five year period, experimentation with new approaches to salesmanship and customer relations, new techniques for handling freight, and adjustments in freight rates should be encouraged and evaluated.
30. After five years the decision to abandon the railway should be re-evaluated. This might lead to either:
- a) A decision to reverse the original decision and to continue with the railway for an indefinite period if the freight level or financial position of the railway had changed substantially and significantly in a positive direction.
  - b) The confirmation of the decision to phase out the railway if the level of traffic had deteriorated or had remained basically unchanged.
31. If the decision to abandon the railway were confirmed, the phase-out of the rail operation would be done in an orderly and systematic manner over the following five years.
32. During the ten year period in which the railway would continue in Newfoundland the deficit in the railway operation should be paid directly by the Federal Government. The agreement to pay the deficit should be on a basis that will not allow CN to have unfair advantage over competition, i.e., enable CN to use this advantage to reduce rates overall to a level which will adversely affect the operation of its competitors.

33. Plans should be made in the immediate future to deal with increases in traffic through other modes, either by natural increases or by diversion from the railway. This would involve a complete rebuilding of the TCH so that its standard is adequate for the traffic that will be carried on it. It will also involve increase in direct water facilities, i.e., port facilities in Corner Brook and St. John's.
  34. Joint Consultative Committees should be set up in the immediate future. These would involve co-operation from the unions involved and CN management. The purpose of these committees would be:
    - a) to assist with the initial manpower adjustment;
    - b) to assist with the initiation and evaluation of appropriate experimentation;
    - c) to plan for and to reduce the difficulties associated with any reduction in employment that would result after a five year period.
- The Road System
35. That within a period of five years, the TCH in Newfoundland be upgraded and rebuilt where required, to a standard sufficient to meet anticipated traffic and load requirements.
  36. That first priority be given to reconstruction of the sections of the TCH between the Terra Nova National Park and Gander, and between George's Lake and Crabbe's River.
  37. That the Federal Government contribute at least 90% of the cost of the rebuilding referred to in recommendations 35 and 36.

38. That the Province of Newfoundland immediately commence development of a comprehensive plan for upgrading and construction of major roads within the provincial highway network, with first emphasis being given to paving of roads linking major fishing and forestry industries to the TCH corridor.
39. That Federal-Provincial cost sharing be negotiated for construction of road links from the Southwest Brook - Burgeo road, to Buchans.
40. That the Province determine the feasibility of construction of a road link from the Connaigre Peninsula to the Burin Peninsula, and for construction in the medium to long run of a link from Burgeo to the Connaigre Peninsula.
41. That the existing feasibility study of the Trans Labrador Highway be immediately updated, and agreement negotiated for commencement of construction within the immediate future on a majority Federal cost shared basis.
42. That a feasibility study be commenced immediately by the Federal and Provincial Governments into the optimum mechanisms for crossing the Strait of Belle Isle.
43. That all road upgrading and construction be to weight limit standards equal to or greater than the highest applicable in the Maritime Provinces.
44. That for certain secondary road construction and upgrading, the use of chip seal treatments be considered and tested for cost saving features.

45. That a feasibility study concerning a causeway connection to Fogo and Change Islands be investigated in the immediate future and if preliminary cost figures indicate that the project is not out of the question, then a detailed feasibility study should be initiated.

Highway Freight Services

46. That the Federal Government ensure that Federal regulation of the trucking industry is carried out in such a manner as to be aware of and responsive to the necessity of maintaining an extra-provincial flow of fish products from Newfoundland.
47. That the Provincial Government ensure that its officials are available to give evidence to regulatory authorities concerning the need to ensure adequate supply of carriers licensed to transport fish products from Newfoundland.
48. That regulatory bodies immediately institute a program of required reporting by, and data gathering relating to, the trucking industry so as to develop sufficient statistics to enable the industry to be evaluated on an equal basis with other modes.
49. That provincial municipal holidays be gazetted in advance, to provide information to carriers as to possible loading and unloading difficulties affecting scheduling of trucking services.
50. That a comprehensive code for carriage and labelling of dangerous goods be developed and immediately implemented.
51. That the Federal and Provincial Governments cost share on a fifty-fifty basis the provision of motor carrier inspectors sufficient to continue to adequately police the licensing and regulatory standards set by both governments.

52. That development of a Newfoundland based fleet of temperature controlled freight vehicles be encouraged.
53. That upon establishment of an adequate road system in Labrador, licensing requirements for the carriage of truck freight in Labrador be such as to encourage development of a truck freight service equivalent to that available on the Island.
54. That the Province implement an "assumed use" fuel tax similar in application to that in effect in other provinces, and that the proceeds from such tax be designated for highway maintenance and upgrading uses.
55. That consideration be given to establishment of central warehousing facilities in major centres.
56. That further expansion of Canadian National Transportation Limited (CNTL) trucking routes and services be permitted only after establishment of competitive services, or where private trucking is not able to adequately service particular areas of the Province.
57. That the Provincial Motor Carrier Authority consider the feasibility of requiring the provision of service to certain areas and scheduled deliveries as a condition of granting licenses, particularly for intra-provincial services.
58. That every effort be made to reduce or eliminate processing delays for Federal payment of trucking subsidies.

Public Bus Transport

59. That Federal financial assistance be provided to corridor bus services and considered for the feeder bus operators.

60. That the operator of the corridor service immediately implement a program of replacement of the existing Roadcruiser buses with deluxe long distance coach vehicles having increased capacity for parcel express and baggage.
61. That CN and the Federal Government co-operate in development and financing of adequate bus terminal facilities on the corridor route, containing adequate rest room, seating and eating facilities, together with ticketing and schedule information.
62. That the corridor operator establish an integrated reservation ticketing and scheduling service at all centres linked with the North American system.
63. That corridor services be co-ordinated with air and Gulf connection and with feeder lines.
64. That Roadcruiser fares be maintained at a level less than fares for equivalent rail passenger mileage, and that no increase in fares takes place until substantial improvements in service have been effected.
65. That the Federal Government directly subsidize the corridor operation on the same basis as for rail passenger services.
66. That development of parcel express and charter services on the corridor be encouraged.
67. That CN employers pay for pass passengers carried on the corridor operations.

68. That the proposed operation of the corridor service by VIA Rail Canada Incorporated be monitored to ensure that proper levels and standard of service are maintained and that the VIA operation be assessed at the end of five years.
69. That the Province of Newfoundland immediately establish a program for development of feeder bus lines, taking full advantage of Federal funding already available, and which may be negotiated in the future.
70. That the Province ensure that proper safety and health standards are enforced for both corridor and feeder bus operations.
71. That establishment of a parcel express service by feeder operators, interlining with the corridor service, be encouraged.
72. That central bus depots be considered for major centres, to be used by municipal, feeder and corridor operations, and to be shared by the three levels of government.
73. That regulatory control of the corridor bus operation be transferred back to the Provincial regulatory body.
74. That a co-ordinated system be developed between CN and other Newfoundland bus services to provide a common source of scheduling information and an interlining service (through ticketing) to the general public.

The Gulf Service

75. That for peak periods of travel, the Gulf ferry service be operated on a dedicated day-time passenger, and night-time truck freight basis, with facilities for unused space to be allocated to the secondary traffic on a first-come-first-served basis.

76. That every effort be made to reduce turn around times during peak traffic periods.
77. That truck freight loadings be on a first-come-first-served basis except for cases of obvious emergency.
78. That efforts be made to encourage a truck trailer-only facility for the Gulf crossing, and that the ferry operator should accept responsibility for direct loss and damage caused by its loading of truck trailers.
79. That for a one year trial period, a year round service for truck freight and passengers be implemented on the North Sydney - Argentia service, with twice-weekly service in the off-season.
80. That, in principle, the Gulf crossing should be treated as the equivalent of a road crossing, with rates for basic travel charged accordingly, and extra services provided on a user-pay basis where possible, and that this principle be applied to the Argentia service when feasible.
81. That a continuing program of Gulf crew and staff training, including first-aid services, be implemented and that a high level of supervision be maintained.
82. That terminal facilities for passengers at North Sydney and Port aux Basques be immediately upgraded to provide pleasant surroundings and adequate restaurant facilities.
83. That a full reservation system for the Gulf operation be implemented in all major Newfoundland and mainland centres through existing CN reservation facilities.

84. That a program of seat allocation on the Gulf ferries be implemented by the provision of boarding passes.
85. That a feasibility study be conducted into the establishment of a North Sydney - Port aux Basques - south coast ferry run for peak summer traffic.
86. That as freight volumes dictate, one rail car ferry be operated on a load and go basis on the Gulf, with a back-up vessel available as required.
87. That maximum use of truck-to-truck transfer facilities be made, and agreements with all railways be obtained to permit such a transfer.
88. That empty rail cars crossing the Gulf be charged a vehicle rate on a similar basis to other commercial vehicles.
89. That all rates be reviewed and revised on a regular basis, taking into account increased costs and all other usual rate-making factors.
90. That vehicle rates would include driver and all other car occupants for whom a previous reservation had been made.
91. That advance reservations be required for vehicles and their passengers, with extra passengers without reservations being charged separately.
92. That foot and bus passengers be charged a rate equivalent to the charge for a 90-mile bus trip on the Island.

93. That investigation be made into the desirability of chartering all Gulf vessels, together with utilization of surplus vessel capacity on other routes in the off-season.
94. That the Province have input into setting and monitoring contract requirements for the Gulf service operated by the CN Marine Corporation.
95. That where facilities, which are to be transferred to CN Marine Corporation are currently made available to other operations, either on a paid or free basis, such facilities will continue to be made available for private sharing and CN Marine Corporation will permit such use to continue.
96. That regulations concerning carriage of dangerous goods be implemented and that CN and truck operators co-operate to develop methods of minimizing risk from the use of chemicals and gases for temperature control purposes during the crossing.
97. That regulations concerning use of water tight doors be strictly enforced.

Direct Water Services

98. That the principle of equal subsidies for common carriers providing equal direct water service to Newfoundland be implemented by the Federal Government.
99. That subsidies should be at such a level as to prevent deliberate undercutting of rates between one mode of service and another.

100. That Federal monies remain available for the construction of essential capital works within ports such as St. John's and Corner Brook, following the implementation of the proposed revisions to Ports Legislation.
101. That in carrying out the provisions of and proposed Ports Legislation, sufficient provision be made for representation, from the Provincial and Municipal Government authorities on permanent advisory groups and bodies.
102. That Government should immediately begin implementation of the recommendations of the feasibility study carried out on the port of Corner Brook, and that this implementation include the necessary landfill programme in the Humbermouth area.
103. That adequate ice-breaking capacity be continued to permit operation of the port of Corner Brook during all but the most severe ice conditions.
104. That a feasibility study be conducted into the alternate mechanisms for the water transport of paper products from the Bowater's mill in Corner Brook, including the alternative possibilities of the use of containerized vessels and the use of a rail ferry from Nova Scotia to Corner Brook.
105. That a feasibility study be conducted into the possible use of the Bay d'Espoir area as a port of entry for water borne cargo for distribution to central Newfoundland.
106. That the Federal Government immediately provide funds for the construction of a synchrolift in the port of

St. John's. The physical location of the synchrolift should be such that it will not interfere with the other activities of the port.

107. That priority should be given in the short and medium range future to the assembly and development of suitable additional land space in the areas of the major docking facilities in the port of St. John's.
108. That the Water Street Access Road to the Harbour Arterial Road be extended to enter the Harbour area in the vicinity of the existing Steer's and Hickman properties rather than in the location now planned and that federal funds be made available for this acquisition.
109. That in consultation with local fishermen, the Federal Government provide funds for the erection of a breakwater to protect the St. John's fishing fleet within the Harbour.
110. That the Federal Government conduct an immediate feasibility study into the development of an alternate, overflow port for St. John's traffic, and that the existing ports of Long Pond, Bay Bulls, and Argentia be considered for this purpose.

#### Coastal Services

111. That the principle of discontinuance of coastal services to communities served by road be continued. Such discontinuance should be carried out following sufficient advance notice and planning to ensure minimum disruption.
112. That particular commodities which would be adversely affected, to a substantial degree, by the discontinuance of coastal services be considered for selective subsidies

under existing legislation in order to minimize difficulties caused by the transition from coastal services to road transport.

113. That the existing coastal service in the Placentia Bay area to the Burin Peninsula be discontinued, with the substitution of a regular launch service linking the communities of South East Bight, Monkstown and Petite Forte to Argentia and Marystown.
114. That adequate wharf and landing facilities be provided for all of the Placentia Bay communities at present served by the coastal boat. These facilities are to be maintained until such time as the communities are connected by road to the main transportation system.
115. That the coastal service north of Corner Brook be discontinued.
116. That with the discontinuing of the coastal service east of the Burin Peninsula, the community of Terrenceville become the eastern terminus for the south coastal services, including any ferry service through Port aux Basques from North Sydney.
117. That the transfer of operational control of the existing intra-provincial ferry services from the Federal to the Provincial Government be encouraged, with the Federal Government continuing to provide financial support for the operation of these services.
118. That additional runs be provided on the Bell Island ferry service to meet the needs of those individuals who travel to and from the Island. The funds for such

- additional runs should be provided jointly by the Federal and Provincial Governments on the same cost sharing basis as that which now exists.
119. That the Strait of Belle Isle Ferry and the coastal service from the Island of Newfoundland to the coast of Labrador and Goose Bay be operated so as to maximize the season of service, and that vessels with sufficient ice strength to allow maximum operations with all reasonable safety be procured.
120. That the coastal service from the northeast and east coasts of the Island of Newfoundland to Goose Bay be re-established with a vessel capable of accommodating ro/ro traffic, and that the route include stops at Lewisporte, Cartwright and Goose Bay. The feasibility of including stops at St. Anthony and St. John's on the run should be investigated.
121. That for passenger services on the coast of Labrador, a plan be immediately implemented for the rationalization of coastal services with the airstrip construction program underway. Such coastal services would include in the south, the use of fast launches to link isolated or summer communities with permanent settlements having airstrip connections with the rest of Labrador, together with the provision of the traditional coastal boat passenger service to serve the southern areas and as well the northern communities on the coast.
122. That agents of the coastal service operator be stationed in smaller communities in Labrador and placed in radio contact with vessels or dispatching services.

123. That the coastal service operator commence immediately the development and implementation of a five year plan for rationalization of coastal freight services in Labrador and Newfoundland. Development of such a plan should have input from residents and users of the coastal service together with government representation and marine specialists. Plans should include improvement of vessel types and shore facilities to provide for more efficient handling of modern cargo types and packaging.
124. That consideration be given to providing, on a phased basis, freight services by chartered vessel, in order to achieve economics not now existing with the mixed type of service.
125. That owners of Newfoundland coastal vessels take all reasonable steps to ensure that modification of existing vessels, and replacement vessels acquired, will be able to meet the chartering requirements of the coastal service operator.
126. That coastal freight rates be rationalized and placed on a regular review basis, following implementation of a phased program of coastal service improvements.

Air Services

127. That Federal authorities investigate the feasibility of permitting Eastern Provincial Airways, the regional carrier, to serve the passenger route from Wabush to Montreal.
128. That in the major centres, including St. John's, a televised visual information service be provided at the air terminals to provide up-to-date information to persons awaiting arrivals and departures at such times as counter personnel may be off shift.

129. That the national and regional air carriers be encouraged to take every reasonable step to ensure that air freight arriving in Stephenville for delivery to the Corner Brook and surrounding area be handled efficiently and that consignees have easy access to information concerning arrivals and departures of such shipments.
130. That the Provincial and Federal Governments, together with Air Canada and Newfoundland fish processors immediately explore ways of re-establishing a regular flow of fish products in order to support a scheduled westbound air service to central Canadian and United States markets for fresh fish products.
131. That development of eastbound air services for the carriage of fresh fish products from Newfoundland to European markets be investigated and that the Gander Development Corporation be given every encouragement including financial assistance in furthering its participation in the study of the use of Gander and Mirabel airports as major trans-shipment airports for the transport of fresh fish.
132. That a category 1 landing system be installed on Runway II at Torbay Airport to provide maximum landing possibilities in adverse weather conditions.
133. That the Ministry of Transport study the complaints concerning inadequate Air Traffic Control procedures at the Wabush Airport and ensure that all safety requirements are met.
134. That the Federal Government contribute toward the cost of construction of air landing facilities on Fogo Island

in order to assist in ending isolation of the residents of that community during winter months when air service for passengers and freight is required.

135. That implementation of the Labrador Area Master Plan for the construction of landing strips at coastal communities be continued on a priority basis by the Federal Government.
136. That the Province and the Federal Government encourage the implementation of a co-ordinated plan between air and marine services on the Labrador coast, both for passenger and freight traffic.
137. That for Labrador transportation it should be accepted by all governments, as a principle, that transportation costs are necessarily higher to provide any given level of service, and that such higher per capita or absolute expenditures are justified in order to provide acceptable levels of service.
138. That the feasibility of delivery of a greater quantity of freight by air to the major Labrador communities be thoroughly investigated.





